

[First Reprint]

ASSEMBLY, No. 2809

STATE OF NEW JERSEY

213th LEGISLATURE

INTRODUCED JUNE 12, 2008

Sponsored by:

Assemblyman LOUIS D. GREENWALD

District 6 (Camden)

SYNOPSIS

“Health Care Stabilization Fund Act”; creates fund in DHSS to provide grants to health care facilities to maintain access to essential health care services.

CURRENT VERSION OF TEXT

As reported by the Assembly Budget Committee on June 19, 2008, with amendments.



1 AN ACT concerning health care facilities and supplementing
2 P.L.1971, c.136 (C.26:2H-1 et seq.).
3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*
6

7 1. This act shall be known and may be cited as the “Health Care
8 Stabilization Fund Act.”
9

10 2. The Legislature finds and declares that:

11 a. The final report of the New Jersey Commission on
12 Rationalizing Health Care Resources, issued on January 24, 2008,
13 demonstrated that a large number of New Jersey general hospitals
14 are in poor financial health and in financial distress due to a number
15 of causes, including lack of universal coverage, underpayment by
16 public payers, misaligned incentives and interests between
17 physicians and hospitals, lack of transparency of performance or
18 cost, a need for more responsible governance at certain hospitals,
19 and excessive geographic hospital density;

20 b. The financial challenges faced by general hospitals in New
21 Jersey have caused many to close in recent years, and additional
22 hospitals may close in the future;

23 c. A general hospital’s sudden closure or significant reduction in
24 services can threaten access to health care providers and specialized
25 health care ‘[health care]’ services in the hospital’s primary
26 service area;

27 d. It is vitally important to the residents of this State that
28 continuity and stability be maintained when a general hospital
29 closes or reduces services in order to assure access to high-quality
30 and cost-effective health care services and referrals to residents of
31 the affected community;

32 e. It is fitting and appropriate that the State of New Jersey
33 provide temporary funding to continue access to and availability of
34 health care services in time of emergent need and to condition that
35 funding on adherence to requirements to ensure efficient and
36 effective delivery of health care services; and

37 f. To that end, the Health Care Stabilization Fund is established
38 for the purpose of providing emergency grants to general hospitals
39 and other licensed health care facilities to ensure continuation of
40 access and availability of necessary health care services to residents
41 in a community served by a hospital facing closure or significantly
42 reducing services due to financial distress.
43

44 3. a. The Health Care Stabilization Fund is established as a

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly ABU committee amendments adopted June 19, 2008.

1 nonlapsing, revolving fund in the Department of Health and Senior
2 Services. The fund shall be administered by the Department of
3 Health and Senior Services in consultation with the Department of
4 the Treasury. The fund shall be comprised of such revenues as are
5 appropriated by the Legislature from time to time, along with any
6 interest earned on monies in the fund.

7 b. Monies from the fund shall be disbursed solely as grants to
8 qualifying licensed health care facilities pursuant to eligibility
9 criteria, and subject to conditions, prescribed by the Commissioner
10 of Health and Senior Services in accordance with the requirements
11 of this act.

12
13 4. '[a.]' The Commissioner of Health and Senior Services, in
14 consultation with the State Treasurer and the 'New Jersey' Health
15 Care Facilities Financing Authority, may award a grant to a hospital
16 or other licensed health care facility from the fund if the
17 commissioner determines that, due to extraordinary circumstances,
18 the grant is necessary to maintain access to essential health care
19 services or referral sources, as appropriate. In determining whether
20 to award a grant to a licensed health care facility, the commissioner
21 shall consider whether, at a minimum, the following factors are
22 present:

23 '[(1)] a.' Extraordinary circumstances threaten access to
24 essential health services 'for' residents in a community;

25 '[(2)] b.' Persons in a community will be without ready access
26 to essential health care services in the absence of the award of a
27 grant from the fund;

28 '[(3)] c.' Funding is unavailable from other sources to preserve
29 or provide essential health care services;

30 '[(4)] d.' A grant from the fund is likely to stabilize access to
31 the essential health care services;

32 '[(5)] e.' There is a reasonable likelihood that the essential
33 health care services will be sustainable upon the termination of the
34 grant; '[and

35 (6)] f.' The proposed recipient of the grant agrees to conditions
36 established by the commissioner for receipt of a grant'['.

37 b. The determination of the commissioner to award or deny
38 grants from this fund shall be final and conclusive, and there shall
39 be no appeal therefrom nor any review thereof.']; and

40 g. The hospital or other licensed health care facility serves a
41 significant number of uninsured and under insured persons.'

42
43 5. a. The Commissioner of Health and Senior Services shall set
44 reasonable conditions for the receipt of a grant by a general hospital
45 or other licensed health care facility, which conditions may include,
46 but need not be limited to, requirements to assure the efficient and
47 effective delivery of health care services.

1 **'[(1) In the case of a general hospital]** The facility shall agree
2 to: the provision of essential health care services to the community
3 as determined by the commissioner; facilitating the enrollment of
4 individuals in appropriate government insurance programs; and
5 providing the Department of Health and Senior Services with such
6 quality of care, utilization, and financial information as determined
7 by the commissioner to be reasonable and necessary. In the case of
8 a facility¹ whose financial condition created or contributed to the
9 extraordinary circumstances necessitating the award of the grant,
10 the **'[hospital] facility**¹ shall agree to such corrective steps to its
11 governance, management, and business operations as the
12 commissioner deems reasonable and appropriate in light of the
13 **'[hospital's] facility's**¹ circumstances and the health care needs of
14 the community¹]; and

15 (2) In the case of a licensed health care facility other than a
16 general hospital, the facility shall agree to: the provision of
17 essential health care services to the community as determined by
18 the commissioner; facilitating the enrollment of individuals in
19 appropriate government insurance programs; and providing the
20 Department of Health and Senior Services with such quality of care,
21 utilization, and financial information as determined by the
22 commissioner to be reasonable and necessary¹.

23 b. Within one year of the award of a grant from the fund, the
24 commissioner, in consultation with the State Comptroller, shall
25 cause to be conducted an audit to evaluate:

26 (1) whether a grantee's use of the funds was consistent with the
27 provisions of this act, the commissioner's regulations, and any
28 conditions imposed upon the award of the grant; and

29 (2) whether a grantee's use of the funds furthered the purposes
30 of this act.

31 c. The commissioner, pursuant to the "Administrative Procedure
32 Act," P.L.1968, c.410 (C.52:14B-1 et seq.), shall adopt such rules
33 and regulations as are necessary to effectuate the purposes of this
34 act. The regulations shall specify eligibility criteria for, and
35 conditions that must be met by, a health care facility to receive a
36 grant from the fund.

37 Notwithstanding any provision of P.L.1968, c.410 (C.52:14B-1
38 et seq.) to the contrary, the commissioner may adopt immediately
39 upon filing with the Office of Administrative Law such regulations
40 as the commissioner deems necessary to implement the provisions
41 of this act, which shall be effective for a period not to exceed 270
42 days following enactment of this act and may thereafter be
43 amended, adopted, or readopted by the department in accordance
44 with the requirements of P.L.1968, c.410.

45 d. The commissioner shall annually, by March 1 of each year,
46 submit a report on the Health Care Stabilization Fund to the
47 Governor, and to the Legislature pursuant to section 2 of P.L.1991,

1 c.164 (C.52:14-19.1). 'The commissioner shall include a copy of
2 the report on the department's website.'¹

3 The report shall identify the health care facilities that received
4 grants during the reporting period, the purpose for which the grant
5 was allocated to the facility, and the extent to which the awarding
6 of the grant furthered the purposes of this act. The report shall
7 include '[the results of the] a copy of any' audits conducted
8 pursuant to subsection b. of this section.

9
10 6. This act shall take effect on the 60th day following
11 enactment.